Missouri Department of
Economic Development

2021 Annual Report

Missouri Automotive Manufacturing Jobs Act

Overview

The Missouri Manufacturing Jobs Act (MMJ) was introduced and passed during the 2010 Legislative Special Session, and Section 620.1910, RSMo., became effective on October 12, 2010. The program sunset on October 12, 2016. The purpose of the program was to allow qualified automotive manufacturing facilities or suppliers that invested in next-generation production lines in existing Missouri facilities to retain withholding taxes typically remitted to the state.

A report is required each year to provide the following information:

- Names of the participating qualified manufacturing companies or qualified suppliers;
- Location of such companies or suppliers;
- The annual amount of benefits provided;
- The estimated net state fiscal impact including direct and indirect new state taxes derived; and,
- Number of new jobs created or jobs retained.

Program Requirements

The program provided job retention incentives to automotive manufacturing facilities for a period of 10 years and job creation incentives to suppliers of automotive manufacturing companies in the state for three to five years, depending on the wages of the new jobs. Applicants were required to submit a Notice of Intent (NOI), and the Department of Economic Development (DED) was required to provide either an approval or rejection within 30 days of receipt. Failure by DED to provide a response within that timeframe was deemed an approval. Within six months of the NOI approval, the qualified manufacturing company entered into an agreement with DED that memorialized the content of the NOI, the requirements of the program and the consequences for failing to meet such requirements.

Qualified manufacturer eligibility requirements were as follows:

- North American Industry Classification System (NAICS) code of 33611;
- Manufacture goods at a facility in Missouri throughout the period in which the company receives benefits; and,
- Capital investment of at least $75,000 per retained job for a new product, or $50,000 per retained job for the modification or expansion of an existing product, within two years of beginning to retain withholding taxes.

Qualified supplier eligibility requirements were as follows:

- More than 10% of its total annual sales revenue from sales to a qualified manufacturing company;
- Five or more new jobs;
- Pay wages for the new jobs that were equal to or exceeded the county average wage for Missouri as determined by DED using the NAICS industry classifications and were not less than 60% of the statewide average wage; and,
- Provide health insurance for all full-time jobs and pay at least 50% of those insurance premiums.

Annual Benefit

The benefits for a previously qualified manufacturer or supplier, under the MMJ (prior to its sunset on October 12, 2016), are retention of withholdings for the retained jobs or new jobs. Beginning January 1, 2012, a qualified manufacturer could retain 100% of the withholding taxes from full-time jobs at the facility for 10 years if it manufactured a new product or retain 50% of withholding taxes from full-time jobs for seven years if it modified or expanded an existing product.

The benefit for a qualified supplier is retention of 100% of the withholding taxes from new jobs for three years. If the qualified supplier pays wages for the new jobs that are equal to or greater than 120% of the county average wage for Missouri, as determined by DED using NAICS industry classifications, it could retain the withholding taxes for five years.

The funding limit for this program is $10 million per year for any one qualified manufacturing company, and the aggregate amount of retained withholding taxes by all qualified manufacturing companies is limited to $15 million per year. There are no limits on the aggregate amounts for qualified suppliers under the MMJ.

Qualified	# of Jobs Retained	Location	# of Years Authorized	Year 1 of Benefits	Total Authorized	Total Benefits Verified This Calendar Year	Total Benefits Provided to Date in Program
Ford Motor Co.	3850	Claycomo	10	2014	$100,000,000	$10,000,000*	$70,000,000
General Motors, LLC	1348	Wentzville	10	2013	$50,000,000	$5,000,000*	$44,709,147

*2020 Annual Report was verified during calendar year 2021.

Net State Fiscal Impact

DED has estimated the economic contribution impact of the MMJ using the Missouri Regional Economic Model (REMI). The two qualified manufacturing companies were calculated separately to ensure a succinct and concise representation of their individual contribution to the state. Key findings for each of the manufacturing company's impact include:

MMJ BENEFIT-COST ANALYSIS (includes only state revenue impacts)		
MMJ-Qualified Manufacturers	**Fiscal Period (15 years)**	**Derivation of Benefits** Investment: (a) $787,000,000 in Durable Equipment spending in 2012-2015. Employment: (a) 5,198 jobs scaled up over two years in Motor Vehicle Manufacturing at specified wage rates in 2013-2026. Other Assumptions: (a) Real-wage growth, starting in 2014. Incentives: (a) $100,000,000 in MMJ (Ford) in 2014-2023 (b) $50,000,000 in MMJ (GM) in 2013-2022 (c)) $2,436,771 in Customized Training in 2014-2017 (d) $4,572,138 in New Jobs Training in 2014-2017 (e) $19,135,220 in Chapter 100-Sales Tax Exemption in 2014 Impacts occur statewide. **All Values in "Constant Dollars." Assumptions provided by DED. Estimated using REMI-PI+v2.5.
BENEFITS		
Direct Fiscal Benefits	$286,001,634	
Indirect Fiscal Benefits	$198,990,529	
Total	**$484,992,163**	
COSTS		
Direct Fiscal Costs	$164,941,300	
Indirect Fiscal Costs	$0	
Total	**$164,941,300**	
BENEFIT: COST	**2.94**	

MMJ BENEFIT-COST ANALYSIS (includes only state revenue impacts)		
Qualified Suppliers	**Fiscal Period (15 years)**	**Investment:** (a) $14,104,155 in Durable Equipment spending in 2014-2015. **Employment:** (a) 590 jobs scaled up over five years in Motor Vehicle Manufacturing at specified wage rates in 2014-2028. **Other Assumptions:** (a) Real-wage growth, starting in 2015. **Incentives/Credits:** (a) $806,087 in MMJ (Henniges) in 2014-2017. (b) $118,184 in MMJ (Piston) in 2014-2017. (c) $253,976 in MMJ (Challenge) in 2016-2018. (d) $351,551 in MMJ (Tenneco) in 2015-2018. (e) $117,760 in Customized Training in 2014-2017 Impacts occur statewide. **All Values in "Constant Dollars." Assumptions provided by DED. Estimated using REMI-PI+v2.5.
BENEFITS		
Direct Fiscal Benefits	$26,439,675	
Indirect Fiscal Benefits	$17,513,572	
Total	**$43,953,247**	
COSTS		
Direct Fiscal Costs	$1,751,446	
Indirect Fiscal Costs	$0	
Total	**$1,751,446**	
BENEFIT: COST	**25.10**	

** All values in constant dollars, which adjust dollar values for inflation to allow for year-over-year comparison.